

Complaint

IN THE MATTER OF

**VALEANT PHARMACEUTICALS
INTERNATIONAL, INC.**CONSENT ORDER, ETC. IN REGARD TO ALLEGED VIOLATIONS OF
SECTION 5 OF THE FEDERAL TRADE COMMISSION ACT AND
SECTION 7 OF THE CLAYTON ACT

*Docket No. C-4602; File Nos. 151 0236
161 0028*

Complaint, January 25, 2017 – Decision, January 25, 2017

This consent order addresses the \$69.1 million acquisition by Valeant Pharmaceuticals International, Inc. of certain assets of Paragon Holdings I, Inc. The complaint alleges that the acquisition violated Section 7 of the Clayton Act and Section 5 of the Federal Trade Commission Act by lessening competition in the markets for polymer discs, or “buttons,” used to make three different types of rigid gas permeable contact lenses: orthokeratology contact lenses, large-diameter scleral contact lenses, and general vision correction contact lenses. The consent order requires Valeant to divest Paragon in its entirety, including the assets of Pelican Products LLC, a manufacturer of contact lens packaging.

Participants

For the *Commission*: *Stuart Hirschfeld* and *Danica Noble*.

For the *Respondent*: *Joseph Ciani-Dausch* and *Stephen Sunshine, Skadden, Arps, Slate, Meagher & Flom*.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Clayton Act, and its authority thereunder, the Federal Trade Commission (“Commission”), having reason to believe that the above-named respondent Valeant Pharmaceuticals International, Inc. (“Valeant”) acquired Paragon Holdings I, Inc. (“Paragon”), and that acquisition violated Section 5 of the Federal Trade Commission Act as amended, 15 U.S.C. § 45, and Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues this Complaint, stating its charges as follows:

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I. RESPONDENT VALEANT

1. Respondent Valeant is a for-profit corporation, existing and doing business under and by virtue of the laws of Canada, with its executive offices located at 2150 St. Elzéar Blvd. West, Laval, Quebec, H7L 4A8, Canada. Respondent has offices in the United States, including at 400 Somerset Corporate Blvd., Bridgewater, New Jersey 08807 and 50 Technology Drive, Irvine, California 92618.

2. Respondent engages in, among other things, developing, manufacturing, and selling plastic discs, commonly referred to as “GP buttons,” used to make rigid gas permeable (“GP”) contact lenses.

3. Respondent is, and at all times relevant herein has been, engaged in commerce in the United States, as “commerce” is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and is a company whose business is in or affects commerce, as “commerce” is defined in Section 4 of the FTC Act, as amended, 15 U.S.C. § 44.

II. PARAGON

4. Paragon was a for-profit corporation organized, existing, and doing business under and by virtue of the laws of the State of Arizona, with its executive offices and principal place of business located at 947 East Impala Avenue, Mesa, Arizona 85204-6619.

5. Prior to the Acquisition, Paragon, and the corporate entities under its control, engaged in, among other things, developing, manufacturing, and selling GP buttons in the United States.

6. Paragon was, at times relevant herein, engaged in commerce in the United States, as “commerce” is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and its business was in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, as amended, 15 U.S.C. § 44.

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III. THE ACQUISITION

7. Respondent Valeant acquired Paragon in May 2015 for \$69.1 million. The Acquisition is subject to Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18.

IV. THE RELEVANT MARKETS

8. The relevant product markets in which to analyze the effects of the Acquisition are the manufacture and sale of FDA-approved GP buttons for:

- a. Orthokeratology GP lenses, which are worn to reshape the cornea;
- b. Large-diameter scleral GP lenses, which cover the white of the eye and are used post-surgery, for transplants, and to treat eye disease; and
- c. General vision correction GP lenses.

9. The FDA requires that GP lenses must be made from FDA-approved GP buttons. Thus, there are no alternatives to FDA-approved GP buttons for making each of the types of GP lenses above. Further, each type of GP lens above requires a button with different parameters from buttons used for other types of GP lenses. Therefore, each type of button constitutes a distinct relevant market.

10. Because FDA approval is required for GP buttons, the United States is the relevant geographic area in which to analyze the effects of the Acquisition.

V. MARKET STRUCTURE

11. Prior to the Acquisition, Valeant and Paragon independently produced buttons for all three types of GP lenses.

12. Prior to the Acquisition, Paragon and Valeant were the only approved producers of GP buttons for orthokeratology. As a result of the Acquisition, Valeant acquired a monopoly in GP buttons for orthokeratology.

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13. Prior to the Acquisition, Paragon and Valeant were two of four producers of GP scleral buttons. As a result of the Acquisition, Valeant produced approximately 80% of GP buttons for scleral lenses.

14. Prior to the Acquisition, Valeant and Paragon were the largest manufacturers of GP buttons for general vision correction. As a result of the Acquisition, Valeant produced approximately 70% of GP buttons for general vision correction.

VI. EFFECTS OF THE ACQUISITION

15. The Acquisition lessened competition and tended to create a monopoly in each of the relevant markets in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

16. Specifically, the Acquisition of Paragon has:

- a. Eliminated actual, direct, and substantial competition between Valeant and Paragon in the relevant markets for GP buttons used to produce lenses for orthokeratology, scleral, and general vision correction;
- b. Allowed Valeant to exercise market power unilaterally in the relevant markets for GP buttons, including by increasing prices, reducing volume discounts, decreasing innovation, and reducing product distribution options;
- c. Eliminated competition to develop new GP lens buttons and improved button materials; and
- d. Eliminated competition to become the button manufacturers for new lens products by offering to fund some of the developing lab's marketing budget.

VII. BARRIERS TO ENTRY

17. For GP orthokeratology buttons, entry into the relevant market has not been, and would not be, timely, likely, or sufficient to deter or counteract the anticompetitive effects of the

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Acquisition. The FDA premarket approval process required for buttons used to produce extended-wear orthokeratology lenses takes several years.

18. For GP scleral and general vision buttons, entry into the relevant markets has not been, and would not be, timely, likely, or sufficient to deter or counteract the anticompetitive effects of the Acquisition. Scleral and general vision correction GP buttons require significant FDA premarket notification likely requiring more than one year.

VIII. VIOLATION CHARGED

19. The Acquisition constitutes a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45.

THEREFORE, the Federal Trade Commission this twenty-fifth day of January, 2017, has issued this Complaint against Respondent.

By the Commission.

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[Public Record Version]

The Federal Trade Commission (“Commission”), having initiated an investigation of the acquisition by Valeant Pharmaceuticals International, Inc. (“Valeant” or “Respondent”) of all of the issued and outstanding capital stock of Paragon Holdings I, Inc., which includes wholly-owned subsidiaries Paragon Vision Sciences, Inc. and CRT Technology, Inc. (“Paragon”), and Respondent having been furnished thereafter with a copy of a draft of complaint that the Bureau of Competition proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge Respondent with violations of Section 7 of the Clayton Act, as amended, 15

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U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45; and

Respondent, its attorneys, and counsel for the Commission having thereafter executed an Agreement Containing Consent Order (“Consent Agreement”) containing an admission by Respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said Consent Agreement is for settlement purposes only and does not constitute an admission by Respondent that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true, and waivers and other provisions as required by the Commission’s Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that Respondent has violated the said Acts, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed Consent Agreement and placed such Consent Agreement on the public record for a period of thirty (30) days for the receipt and consideration of public comments, now in further conformity with the procedure described in Commission Rule § 2.34, 16 C.F.R. § 2.34, the Commission hereby issues its complaint, makes the following jurisdictional findings, and issues the following Decision and Order (“Order”):

1. Respondent Valeant is a corporation organized, existing, and doing business under and by virtue of the laws of the Province of British Columbia, Canada, with its principal executive offices located at 2150 St. Elzéar Blvd. West, Laval Quebec H7L 4A8, Canada, and its United States address for service of process and the Complaint and Decision and Order as follows: Corporate Secretary/General Counsel, 400 Somerset Corporate Blvd., Bridgewater, NJ 08807.
2. Paragon Holdings I, Inc. is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Arizona, with its executive offices and principal place of business located at 947 East Impala Avenue, Mesa, Arizona 85204-6619.

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3. The Federal Trade Commission has jurisdiction over the subject matter of this proceeding and over the Respondent, and this proceeding is in the public interest.

ORDER**I.**

IT IS HEREBY ORDERED that, as used in this Order, the following definitions shall apply:

- A. “Valeant” or “Respondent” mean Valeant Pharmaceuticals International, Inc.; its directors, officers, employees, agents, representatives, successors, and assigns; and its joint ventures, subsidiaries, divisions, groups, and affiliates, in each case controlled by Valeant Pharmaceuticals International, Inc. (including, without limitation, Bausch & Lomb Incorporated), and the respective directors, officers, employees, agents, representatives, successors, and assigns of each.
- B. “Commission” means the Federal Trade Commission.
- C. “Acquirer” means:
 1. New Paragon; or
 2. Such other Person that receives the prior approval of the Commission to acquire the Paragon Divestiture Assets pursuant to this Order.
- D. “Agency(ies)” means any government regulatory authority or authorities in the world responsible for granting approval(s), clearance(s), qualification(s), license(s), or permit(s) for any aspect of the research, development, manufacture, marketing, distribution, or sale of a Product. The term “Agency” includes the FDA.

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- E. “Application(s)” means all submissions and applications for a Product filed or to be filed with the FDA pursuant to 21 C.F.R. Parts 800 to 898, including all premarket notifications (Section 510(k) submissions) and premarket approvals (“PMA”), and all supplements, amendments, and revisions thereto, any preparatory work, registration dossier, drafts and data necessary for the preparation thereof, and all correspondence between the holder and the FDA related thereto.
- F. “Business” means the research, development, manufacture, commercialization, distribution, marketing, promotion, importation, exportation, advertisement, and/or sale of a Product.
- G. “Business Records” means all books, records, files, databases, printouts, and all other documents of any kind, whether stored or maintained in hard copy paper format, by means of electronic, optical, or magnetic media or devices, photographic or video images, or any other format or media, including, without limitation: customer files, customer lists, customer purchasing histories, supplier and vendor files, vendor lists, correspondence, advertising and marketing materials, marketing analyses, sales materials, price lists, cost information, employee lists and contracts, salary and benefits information, personnel files, financial and accounting records and documents, financial statements, financial plans and forecasts, operating plans, studies, reports, regulatory materials, Applications, Agency filings and submissions, Agency correspondence, operating guides, technical information, manuals, policies and procedures, service and warranty records, maintenance logs, equipment logs, registrations, and permits.
- H. “cGMP” means current Good Manufacturing Practices as set forth in the U.S. Federal Food, Drug, and Cosmetic Act, as amended, and includes all rules and regulations promulgated by the FDA thereunder.

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- I. “Confidential Business Information” means any non-public information in any form or format (oral, written, graphic, electronic, or other form) relating to the Paragon Business either prior to or after the Divestiture Date, including, but not limited to, Intellectual Property, discoveries, techniques, technologies, processes, trade secrets, designs, specifications, data, computer programs, manufacturing costs, marketing methods, pricing information, financial statements, forecasts, reports, records, strategic plans, studies, customer or supplier contract terms, historical information about sales to customers or purchases from suppliers, and all other information contained in Business Records or otherwise relating to the Paragon Business:
1. Obtained by the Respondent prior to the Divestiture Date; or
 2. Obtained by the Respondent after the Divestiture Date, in the course of performing Respondent’s obligations under the Divestiture Agreement;
- Provided, however, that Confidential Business Information shall not include the following:*
- a. Information that is in the public domain when received by the Respondent;
 - b. Information that the Respondent develops or obtains independently, without violating any applicable law or this Order, and without breaching any confidentiality obligation with respect to the information; and
 - c. Information that becomes known to the Respondent from a third party not in breach of applicable law or a confidentiality obligation with respect to the information.
- J. “Contracts” means all real and personal property leases, software licenses, Intellectual Property licenses,

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warranties, guaranties, insurance agreements, employment contracts, all contracts of any kind relating to construction, customer contracts, sales contracts, distribution contracts, supply agreements, utility contracts, collective bargaining agreements, confidentiality agreements, non-disclosure agreements, and other contracts or agreements of any kind.

- K. “Copyrights” means rights to all original works of authorship of any kind directly related to a Product and any registrations and applications for registrations thereof, and all copyrightable works, registered and unregistered copyrights in both published works and unpublished works, and all applications, registrations, and renewals in connection therewith, including, but not limited to, the following: all such rights with respect to all promotional materials and all educational materials; copyrights in all preclinical, clinical, and process development data and reports relating to the research and development of any Product or of any materials used in the research, development, manufacture, marketing, or sale of any Product, including all copyrights in raw data relating to the clinical trials with respect to that Product, all case report forms relating thereto, and all statistical programs developed (or modified in a manner material to the use or function thereof (other than through user references)) to analyze clinical data; all market research data, market intelligence reports, and statistical programs (if any) used for marketing and sales research; all copyrights in customer information, promotional, and marketing materials; all Product sales forecasting models, medical education materials, sales training materials, and advertising and display materials; all copyrights in records, including customer lists, sales force call activity reports, vendor lists, sales data, reimbursement data, speaker lists, manufacturing records, manufacturing processes, and supplier lists; all copyrights in data contained in laboratory notebooks relating to any Product; all copyrights in adverse experience reports and files related thereto (including source documentation) and all copyrights in

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periodic adverse experience reports and all data contained in electronic databases relating to adverse experience reports and periodic adverse experience reports; all copyrights in analytical and quality control data; and all correspondence with the FDA or any other Agency.

- L. “Direct Cost” means a cost not to exceed the cost of labor, material, travel, and other expenditures to the extent the costs are directly incurred to provide the relevant assistance or service. “Direct Cost” to the Acquirer for its use of any of the Respondent’s employees’ labor shall not exceed the average hourly wage rate for such employee; provided, however, in each instance where: (i) an agreement is specifically referenced and attached to this Order, and (ii) such agreement is part of the New Paragon Acquisition Agreement, “Direct Cost” means such cost as is provided in such agreement.
- M. “Divestiture Agreement” means any agreement(s) between the Respondent and the Acquirer (or between a Divestiture Trustee and an Acquirer, if applicable), and all amendments, exhibits, attachments, agreements, and schedules thereto, that have been approved by the Commission to accomplish the divestiture of the Paragon Divestiture Assets and other requirements of this Order.
- N. “Divestiture Date” means the date on which the divestiture required by this Order closes.
- O. “Divestiture Trustee” means the Divestiture Trustee appointed pursuant to Paragraph VI. of this Order.
- P. “Domain Name” means the domain name(s) (universal resource locators), and registration(s) thereof, issued by any Person or authority that issues and maintains the domain name registration.
- Q. “Employee Information” means the following, as and to the extent permitted by law:

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1. A complete and accurate list containing the name of each Paragon Employee (including former employees who were employed by the Paragon Business within ninety (90) days of the execution date of any proposed Divestiture Agreement);
 2. With respect to each such employee, the following information:
 - a. direct contact information for the employee, including telephone number;
 - b. the date of hire and effective service date;
 - c. job title or position held;
 - d. a specific description of the employee's responsibilities related to the Paragon Business; *provided, however*, in lieu of this description, the Respondent may provide the employee's most recent performance appraisal;
 - e. the base salary or current wages;
 - f. the most recent bonus paid, aggregate annual compensation for the last fiscal year and current target or guaranteed bonus, if any;
 - g. employment status (*i.e.*, active or on leave or disability; full-time or part-time);
 - h. all other material terms and conditions of employment in regard to such employee that are not otherwise generally available to similarly situated employees; and
 3. At the Acquirer's option, copies of all employee benefit plans and summary plan descriptions (if any) applicable to the relevant employees.
- R. "Facility Assets" means all of Respondent's rights, title, and interests in and to the following:

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1. All real property interests, including all rights, title, and interests in and to owned or leased property, together with all easements, rights of way, buildings, improvements, and appurtenances (“Facility(ies)”);
 2. All applicable federal, state, and local regulatory registrations, permits, and applications, and all documents related thereto, necessary for the operation and conduct of the Paragon Business at such Facility(ies) to the extent held by Respondent and with respect to which the transfer thereof is permitted by law; *provided, however*, that Respondent shall cooperate with the Acquirer in securing any federal, state, and local regulatory registrations, permits, and applications for which transfer is not permitted by law; and
 3. All fixtures, equipment, machinery, tools, molds, dies, vehicles, personal property, or tangible property of any kind located at such Facility(ies) that are owned or leased by Respondent, or that Respondent has the legal right to use, or over which it has custody or control, that are related to:
 - a. The research, development, production, manufacture, marketing, or sale of any Product related to the Paragon Business; or
 - b. Compliance with any statute, ordinance, regulation, rule, or other legal requirement (including, but not limited to, environmental laws) of any Government Entity.
- S. “FDA” means the U.S. Food and Drug Administration.
- T. “General Vision Correction GP Button Product(s)” means GP Button Products used to manufacture GP Finished Contact Lens Products for general vision correction. FDA approval of General Vision Correction GP Button Products used in GP Finished Contact Lens Products for general vision correction to

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be marketed in the United States (designated as Class II medical devices) requires submission of a premarket notification pursuant to 21 C.F.R. Part 807 (*i.e.*, a Section 510(k) submission).

- U. “GP Button Product(s)” means semi-finished optical material blanks made of oxygen-permeable plastic polymers containing silicone and/or fluorine. FDA approval of GP Button Products used in GP Finished Contact Lens Products to be marketed in the United States for: (1) daily wear (designated as Class II medical devices) requires submission of a premarket notification pursuant to 21 C.F.R. Part 807 (*i.e.*, a Section 510(k) submission); and for (2) Ortho-K and extended wear (designated as Class III medical devices) requires submission of a premarket approval (PMA) Application pursuant to 21 C.F.R. Part 814.
- V. “GP Finished Contact Lens Product(s)” means finished rigid gas permeable contact lenses manufactured from GP Button Products and prescribed by licensed eye care practitioners (*e.g.*, ophthalmologists, optometrists) for daily, extended, and overnight wear, and for therapeutic uses, to correct or address vision and corneal conditions such as myopia (nearsightedness), hyperopia (farsightedness), presbyopia (need for bifocals), keratoconus (degenerative corneal disorder), and irregular corneas.
- W. “Government Entity” means any Federal, state, local, or non-U.S. government, or any court, legislature, government agency, or government commission, or any judicial or regulatory authority of any government.
- X. “Intellectual Property” means all intellectual property owned or licensed (as licensor or licensee) by any Person, and all associated rights thereto, including all of the following in any jurisdiction throughout the world: (i) all Patents; (ii) all Trade Secrets; (iii) all Trademarks; (iv) all Trade Dress; (v) all Copyrights; (vi) all computer software (including source code, executable code, data, databases, and related

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documentation); (vii) all Marketing Materials; and (viii) all rights to obtain and file for patents, trademarks, and copyrights and registrations thereof and to sue and recover damages or obtain injunctive relief for infringement, dilution, misappropriation, misuse, violation, or breach of any of the foregoing;

provided, however, that “Intellectual Property” does not include the corporate names or corporate Trade Dress of Valeant or the related corporate logos thereof, or the corporate names or corporate Trade Dress of any other corporations or companies owned or controlled by the Respondent or the related corporate logos thereof (*e.g.*, Bausch + Lomb; Boston®), or general registered images or symbols by which Valeant can be identified or defined.

Y. “Inventories” means:

1. All inventories, stores, and supplies of any finished Products and work in progress; and
2. All inventories, stores, and supplies of raw materials and other materials relating to the research, development, manufacture, finishing, packaging, distribution, marketing, or sale of any Products.

Z. “Manufacturing Technology and Equipment” means all technology and equipment to make a Product, including, but not limited to:

1. All technology, trade secrets, know-how, formulas, and proprietary information (whether patented, patentable, or otherwise) related to the manufacture of a Product, including, but not limited to, all of the following: product specifications; processes; analytical methods; product designs; plans; trade secrets; ideas; concepts; manufacturing, engineering, and other manuals and drawings; standard operating procedures; flow diagrams; quality assurance and quality control systems;

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research records; clinical data; compositions; annual product reviews; regulatory communications; control history; current and historical information associated with FDA Application(s) conformance and cGMP compliance; labeling and all other information related to the manufacturing process; and supplier lists;

2. All ingredients, materials, or components used in the manufacture of the Product; and
3. All equipment (including tooling, molds, and dies) and machinery used to manufacture, finish, and package the Product.

- AA. “Marketing Materials” means all materials used in the marketing or sale of a Product as of the Divestiture Date, including, without limitation, all advertising and display materials, promotional and marketing materials, training materials, educational materials, speaker lists, product data, mailing lists, sales materials (*e.g.*, detailing reports, vendor lists, sales data), marketing information (*e.g.*, competitor information, research data, market intelligence reports, statistical programs used for marketing and sales research), customer information, sales forecasting models, Website content, artwork for the production of packaging components, and other materials related to the marketing or sale of a Product.
- BB. “Monitor” means any Person(s) appointed by the Commission pursuant to Paragraph V. of this Order.
- CC. “New Paragon” means Paragon Companies LLC, a limited liability company organized, existing, and doing business under and by virtue of the laws of the State of Arizona, with its executive offices and principal place of business located at 947 East Impala Avenue, Mesa, AZ 85204-6619.

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DD. “New Paragon Acquisition Agreement(s)” means:

1. The Stock Purchase Agreement by and among Paragon Companies LLC, Valeant Pharmaceuticals International and, solely for purposes of certain Sections as specified herein, Joseph E. Sicari, dated September 30, 2016; and
2. All amendments, exhibits, attachments, agreements, and schedules thereto, in each case that have received the prior approval of the Commission.

The New Paragon Acquisition Agreements are contained in Non-Public Appendix I. The New Paragon Acquisition Agreements that have been approved by the Commission to accomplish the requirements of this Order in connection with the Commission’s determination to make this Order final and effective are Divestiture Agreements.

EE. “Order Date” means the date on which this Order is issued as final and effective by the Commission.

FF. “Ortho-K” means orthokeratology, a non-surgical process for reshaping the cornea of the eye with specially-designed therapeutic rigid gas permeable contact lenses, usually worn overnight and removed during waking hours, in order to correct or reduce myopic refractive error (nearsightedness), and for correction or reduction of other refractive errors, such as astigmatism.

GG. “Ortho-K GP Button Product(s)” means GP Button Products used to manufacture Ortho-K GP Finished Contact Lens Products. FDA approval of Ortho-K GP Button Products used in Ortho-K GP Finished Contact Lens Products to be marketed in the United States (designated as Class III medical devices) requires submission of a premarket approval (PMA) Application pursuant to 21 C.F.R. Part 814.

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- HH. “Paragon” means Paragon Holdings I, Inc., a corporation organized, existing, and doing business under and by virtue of the laws of the State of Arizona, with its executive offices and principal place of business located at 947 East Impala Avenue, Mesa, AZ 85204-6619; its joint ventures, subsidiaries, divisions, groups, and affiliates, including, but not limited to, Paragon Vision Sciences, Inc. and CRT Technology, Inc.; and all assets of Paragon Holdings I, Inc. acquired by Valeant in connection with the Paragon Acquisition.
- II. “Paragon Acquisition” means the acquisition of Paragon by Valeant pursuant to the Paragon Acquisition Agreement, dated May 8, 2015, and effective May 18, 2015.
- JJ. “Paragon Acquisition Agreement” means the Stock Purchase Agreement by and among Valeant Pharmaceuticals International, Paragon Holdings I, Inc., All Shareholders of Paragon Holdings I, Inc. listed on Exhibit A, and Joseph E. Sicari, as the Shareholder Representative, dated May 8, 2015.
- KK. “Paragon Business” means the worldwide Business conducted by Paragon with respect to the Paragon Products, all other GP Button Products, and all GP Finished Contact Lens Products, as of the date of the Paragon Acquisition, and as it has been maintained by Respondent since the Paragon Acquisition, including without limitation: all business activities relating thereto, and all tangible and intangible assets and property of any kind used for or relating thereto; all improvements and additions thereto, including, but not limited to, the Pelican Business; and the respective entities through which Paragon conducts its Business and/or pursuant to which it is organized as of the Divestiture Date.
- LL. “Paragon Divestiture Assets” means all of Respondent’s rights, title, and interests in and to all tangible and intangible assets and property of any kind

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used for or relating to the Paragon Business, wherever located, and any improvements or additions thereto, including, but not limited to:

1. All Intellectual Property;
2. All Manufacturing Technology and Equipment;
3. All Applications and all rights to such Applications;
4. All Scientific and Regulatory Material;
5. All Product Approvals;
6. All Marketing Materials;
7. All Websites and Domain Names;
8. All Contracts;
9. All Facility Assets, including, but not limited to, the facility located at 947 East Impala Avenue, Mesa, AZ 85204-6619;
10. All Inventories; and
11. All Business Records related to the foregoing; *provided, however,* that where Respondent's Business Records contain information: (i) that relates both to the Paragon Business and to its retained Products and/or Business and cannot be segregated in a manner that preserves the usefulness of the information as it relates to the Paragon Business; or (ii) for which the Respondent has a legal obligation to retain the original copies, Respondent shall be required to provide only copies or relevant excerpts of the relevant Business Records containing this information. In instances where such copies are provided to the Acquirer, the Respondent shall provide that Acquirer access to original documents under circumstances where

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copies of documents are insufficient for evidentiary or regulatory purposes. The purpose of this provision is to ensure that the Respondent provides the Acquirer with the above-described information without requiring the Respondent completely to divest itself of information that, in content, also relates to Respondent's retained Products and/or Business. Respondent shall also be permitted to retain copies of Business Records relating to the Paragon Business to the extent necessary or required for the purposes of any ongoing legal proceedings, litigation, disputes, investigations, inquiries, subpoenas, reviews, audits or regulatory proceedings; *provided, however*, that Respondent shall comply with the requirements of Paragraph IV. of this Order with respect to any Confidential Business Information contained in such copies of Business Records.

- MM. "Paragon Employee(s)" means any and all employee(s) of the Paragon Business as of the Divestiture Date, and any and all former employee(s) who were employed by the Paragon Business within ninety (90) days of the execution of any Divestiture Agreement.
- NN. "Paragon Product(s)" means Paragon's Ortho-K GP Button Products, Scleral GP Button Products, and General Vision Correction GP Button Products.
- OO. "Patent(s)" means all patents, patent applications (including provisional patent applications), invention disclosures, certificates of invention, applications for certificates of invention and statutory invention registrations, in each case filed, or in existence, on or before the Divestiture Date, and includes all reissues, additions, divisions, continuations, continuations-in-part, supplementary protection certificates, extensions and reexaminations thereof, all inventions disclosed therein, all rights therein provided by international treaties and conventions, and all rights to obtain and file for patents and registrations thereto.

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- PP. “Pelican” means Pelican Products LLC, a limited liability company organized, existing, and doing business under and by virtue of the laws of the State of South Carolina, with its executive offices and principal place of business formerly at 209 Jones Road, Spartanburg, South Carolina 29307. Valeant acquired Pelican pursuant to the Pelican Asset Purchase Agreement, dated December 15, 2015.
- QQ. “Pelican Business” means the Business with respect to the Pelican Products conducted by Pelican as of the date of Valeant’s acquisition of Pelican, and as it has been maintained by Respondent since the acquisition, including all business activities relating thereto, and all improvements and additions thereto.
- RR. “Pelican Product(s)” means all Products manufactured and sold by Pelican, including all FDA-approved vials for wet-shipping Ortho-K GP Finished Contact Lens Products (designated as Class II medical devices), and all other contact lens storage and carrying cases, shipping vials, and related Products intended for use in cleaning, rinsing, disinfecting, lubricating, rewetting, storing, or shipping soft (hydrophilic), rigid gas permeable, and hard contact lenses.
- SS. “Person” means any individual, partnership, joint venture, firm, corporation, association, trust, unincorporated organization, or other business or Government Entity, and any subsidiaries, divisions, groups, or affiliates thereof.
- TT. “Product(s)” means any medical device regulated by the FDA as a Class II (Special Controls) or Class III (PMA) medical device pursuant to 21 C.F.R. Parts 800 to 898, *i.e.*, an instrument, apparatus, implement, machine, contrivance, implant, in vitro reagent, or other similar or related article, including a component part, or accessory, which is:

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1. recognized in the official National Formulary, or the United States Pharmacopoeia, or any supplement to them;
 2. intended for use in the diagnosis of disease or other conditions, or in the cure, mitigation, treatment, or prevention of disease, in man or other animals; or
 3. intended to affect the structure or any function of the body of man or other animals, and which does not achieve its primary intended purposes through chemical action within or on the body of man or other animals and which is not dependent upon being metabolized for the achievement of any of its primary intended purposes.
- UU. “Product Approval(s)” means any approvals, registrations, permits, licenses, consents, authorizations, and other approvals, and pending applications and requests therefor, required by applicable Agencies related to the research, development, manufacture, distribution, finishing, packaging, marketing, sale, storage, or transport of a Product, and includes, without limitation, all approvals, registrations, licenses, or authorizations granted in connection with any Application related to that Product.
- VV. “Scientific and Regulatory Material” means all technological, scientific, chemical, biological, pharmacological, toxicological, regulatory, and clinical trial materials and information.
- WW. “Scleral GP Button Product(s)” means GP Button Products used to manufacture Scleral GP Finished Contact Lens Products, which are larger diameter GP Finished Contact Lens Products designed to cover the entire corneal surface of the eye and rest on the “white,” or sclera, of the eye. Scleral GP Finished Contact Lens Products may be prescribed to address vision or corneal conditions such as keratoconus (degenerative corneal disorder), irregular corneas, or

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dry eyes, and after LASIK or other corneal refractive surgery. FDA approval of Scleral GP Button Products used in Scleral GP Finished Contact Lens Products to be marketed in the United States (designated as Class II medical devices) requires submission of a premarket notification pursuant to 21 C.F.R. Part 807 (*i.e.*, a Section 510(k) submission).

- XX. “Trade Dress” means the current trade dress of a Product, including, but not limited to, Product packaging and the lettering of the Product trade name or brand name.
- YY. “Trade Secret(s)” means all trade secrets, know-how, and confidential or proprietary information, including ideas, research and development, formulas, compositions, technical data and information, blue prints, designs, drawings, specifications, protocols, quality control information, customer and supplier lists, pricing and cost information, business and marketing plans and proposals, and all other data, technology, and plans.
- ZZ. “Trademark(s)” means all proprietary names or designations, registered and unregistered trademarks, service marks, trade names, brand names, commercial names, “doing business as” (d/b/a) names, logos, and slogans, together with all translations, adaptations, derivations, and combinations thereof, including registrations and applications for registration therefor (and all renewals, modifications, and extensions thereof), all common law rights, and all goodwill symbolized thereby and associated therewith.
- AAA. “Transition Agreement(s)” means any agreement(s) between the Respondent and the Acquirer, in each case for a period not to exceed (1) one year except as otherwise approved by the Commission, entered into at the option of the Acquirer that receive the prior approval of the Commission for any services (or training for the Acquirer to provide services for itself) or for the supply of any materials or products

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reasonably necessary to transfer the Paragon Divestiture Assets and the Paragon Business to the Acquirer in a manner consistent with the purposes of this Order. Services may include, but are not limited to, payroll, employee benefits, accounting, IT systems, distribution, warehousing, or other logistical and administrative support. Respondent shall provide any services to the Acquirer at no more than Respondent's Direct Costs. Any agreements for the supply of materials or products shall be at commercially reasonable prices.

- BBB. "Websites and Domain Names" means the content of the Website(s) located at the Domain Names, the Domain Names, and all Copyrights in such Website(s), to the extent owned by the Respondent.

II.**IT IS FURTHER ORDERED** that:

- A. No later than ten (10) days after the Order Date, Respondent shall divest the Paragon Divestiture Assets, absolutely and in good faith, to New Paragon pursuant to, and in accordance with, the New Paragon Acquisition Agreement (which agreement shall not limit or contradict, or be construed to limit or contradict, the terms of this Order, it being understood that this Order shall not be construed to reduce any rights or benefits of New Paragon or to reduce any obligations of Respondent under such agreement), and such agreement, if it is approved by the Commission as a Divestiture Agreement related to the Paragon Divestiture Assets, is incorporated by reference into this Order and made a part hereof;

provided, however, that if Respondent has divested the Paragon Divestiture Assets to New Paragon prior to the Order Date, and if, at the time the Commission determines to make this Order final and effective, the Commission notifies Respondent that New Paragon is not an acceptable purchaser of the Paragon Divestiture

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Assets, then Respondent shall immediately rescind the transaction with New Paragon, in whole or in part, as directed by the Commission, and shall divest the Paragon Divestiture Assets within one hundred eighty (180) days after the Order Date, absolutely and in good faith, at no minimum price, to an Acquirer that receives the prior approval of the Commission, and only in a manner that receives the prior approval of the Commission;

provided further, that if Respondent has divested the Paragon Divestiture Assets to New Paragon prior to the Order Date, and if, at the time the Commission determines to make this Order final and effective, the Commission notifies Respondent that the manner in which the divestiture was accomplished is not acceptable, the Commission may direct Respondent, or appoint a Divestiture Trustee, to effect such modifications to the manner of divestiture of the Paragon Divestiture Assets to New Paragon (including, but not limited to, entering into additional agreements or arrangements) as the Commission may determine are necessary to satisfy the requirements of this Order.

- B. Prior to the Divestiture Date, the Respondent shall:
1. Secure, at its sole expense, all consents and waivers from all Persons that are necessary to divest the Paragon Divestiture Assets to the Acquirer, and for the Acquirer to operate such assets in a manner that will achieve the purposes of this Order (including consents for the assignment or transfer of any Contracts); *provided, however*, that the Respondent may satisfy this requirement by certifying that the Acquirer has executed agreements directly with the relevant Person(s); and
 2. Take all actions necessary to ensure, or to assist in, the transfer from the Respondent to the Acquirer of any licenses, approvals, permits, registrations, certificates, or other authorizations from any

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Persons that are necessary for divestiture of the Paragon Divestiture Assets to the Acquirer, and for the operation of such assets by the Acquirer.

- C. Respondent shall comply with all terms of the Divestiture Agreement, and any breach by the Respondent of any term of the Divestiture Agreement shall constitute a failure to comply with this Order. If any term of the Divestiture Agreement varies from the terms of this Order (“Order Term”), then to the extent that Respondent cannot fully comply with both terms, the Order Term shall determine Respondent’s obligations under this Order. Any modification of the Divestiture Agreement between the date the Commission approves the Divestiture Agreement and the Divestiture Date, without the prior approval of the Commission, or any failure by Respondent to meet any condition precedent to closing (whether waived or not), shall constitute a failure to comply with this Order.
- D. Respondent shall not modify or amend any of the terms of the Divestiture Agreement without the prior approval of the Commission, except as otherwise provided in Rule 2.41(f)(5) of the Commission’s Rules of Practice and Procedure, 16 C.F.R. § 2.41(f)(5). Notwithstanding any paragraph, section, or other provision of the Divestiture Agreement, any modification or amendment of the Divestiture Agreement made without the prior approval of the Commission, or as otherwise provided in Rule 2.41(f)(5), shall constitute a failure to comply with this Order.
- E. The purpose of the divestiture of the Paragon Divestiture Assets to an Acquirer is to restore an independent, viable, and effective competitor in the relevant Ortho-K, Scleral, and General Vision Correction GP Button Product markets, and to remedy the lessening of competition resulting from the Paragon Acquisition as alleged in the Commission’s Complaint.

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III.**IT IS FURTHER ORDERED** that:

- A. Respondent shall cooperate with and assist the Acquirer of the Paragon Divestiture Assets to evaluate independently and retain any or all of the Paragon Employees, including the following:
1. Not later than ten (10) days (i) after a request from a proposed Acquirer, or (ii) after signing a proposed Divestiture Agreement with a proposed Acquirer, whichever is earlier, Respondent shall, to the extent permitted by applicable law, provide the proposed Acquirer with a list of all Paragon Employees and the Employee Information for each Person on the list; *provided, however,* that if New Paragon is the Acquirer, Respondent shall be required to provide the list of Paragon Employees and the Employee Information for each Person on the list only if requested to do so by New Paragon;
 2. Not later than ten (10) days after a request from a proposed Acquirer, Respondent shall provide an opportunity for the proposed Acquirer: (i) to meet personally, and outside the presence or hearing of any employee or agent of Respondent, with any of the Paragon Employees; and (ii) to make offers of employment to any of the Paragon Employees;
 3. Respondent shall:
 - a. Not, directly or indirectly, interfere with the Acquirer's offer of employment to any Paragon Employee(s), offer any incentive to any Paragon Employee(s) to decline employment with the Acquirer, make a counteroffer to a Paragon Employee who receives a written offer of employment from the Acquirer, or otherwise interfere with the recruitment by the Acquirer of any Paragon Employee(s); *provided, however,* that nothing in this Order shall be

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construed to require the Respondent to terminate the employment of any employee or prevent the Respondent from continuing the employment of any employee;

- b. Remove and/or terminate any impediments within the control of Respondent that may deter any Paragon Employee(s) from accepting employment with the Acquirer, including, but not limited to, the removal and/or termination of any non-compete or other provisions of employment or other contracts with the Respondent that directly or indirectly relate to the Paragon Business and may affect the ability or incentive of those Persons to be employed by the Acquirer; *provided, however*, that any confidentiality agreements or provisions in contracts with the Respondent shall permit and not restrict (and shall be construed to permit and not restrict) the ability of any Paragon Employee(s) accepting employment with the Acquirer to use and to disclose confidential information to the Acquirer (but not to third parties) to the same extent such Persons were permitted to use and to disclose confidential information to or within Paragon (but not to third parties) prior to the Divestiture Date; and
 - c. Provide all Paragon Employees with reasonable financial incentives to continue in their positions until the Divestiture Date, including, but not limited to, a continuation of all employee benefits, including regularly scheduled or merit raises and bonuses, and the regularly scheduled vesting of all pension benefits (as permitted by law and for those Paragon Employees covered by a pension plan).
- B. For a period of two (2) years following the Divestiture Date, Respondent shall not, directly or indirectly, solicit, hire, or enter into any arrangement for the

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services of any Paragon Employee who has accepted an offer of employment with, or who is employed by, the Acquirer; *provided, however*, that a violation of this provision will not occur if:

1. The Paragon Employee's employment has been terminated by the Acquirer;
2. Respondent advertises for employees in newspapers, trade publications, or other media, or engages recruiters to conduct general employee search activities, in either case not targeted specifically at any one or more of the employees of the Acquirer; or
3. Respondent hires a Paragon Employee who has applied for employment with Respondent, provided that such application was not solicited or induced in violation of this Order.

IV.**IT IS FURTHER ORDERED** that:

- A. After the Divestiture Date, Respondent shall not use, solicit, or access, directly or indirectly, any Confidential Business Information, and shall not disclose, provide, discuss, exchange, circulate, convey, or otherwise furnish such Confidential Business Information, directly or indirectly, to any Person except:
 1. As required or permitted by this Order;
 2. For the purpose of performing its obligations under the Divestiture Agreement;
 3. To prosecute or defend against any dispute or in a legal proceeding; or
 4. To comply with applicable law, regulations, and other legal or governmental requirements

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(including in connection with tax returns, reports required by securities laws, payroll, benefits, personnel reports, ongoing legal proceedings, litigation, disputes, investigations, inquiries, subpoenas, reviews, audits, or regulatory proceedings).

- B. No later than five (5) days after the Divestiture Date, Respondent shall provide written notification of the restrictions, prohibitions, and requirements of this Paragraph IV. to all of its employees, agents, and representatives with responsibilities relating to the Paragon Business, or who had or have access to or possession, custody, or control of any Confidential Business Information, where:
1. Such notification shall include a plain language explanation of the requirements of this Order and a description of the consequences of failing to comply with the requirements;
 2. Such notification shall be provided by U.S. mail or by e-mail, with return receipt requested acknowledging receipt of the notification or similar transmission;
 3. Respondent shall maintain complete records of all such notifications at Respondent's corporate headquarters and keep a file of all receipts and acknowledgments for one (1) year after the Divestiture Date; and
 4. Respondent shall provide the Acquirer with a copy of such notification and with copies of all other certifications, notifications, and reminders sent to Respondent's personnel.
- C. Not later than thirty (30) days after the Divestiture Date, Respondent shall:
1. Obtain, as a condition of continued employment post-divestiture, from each of Respondent's

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employees, agents, and representatives with responsibilities directly relating to the Paragon Business, or who had or have access to or possession, custody, or control of any Confidential Business Information, an executed confidentiality agreement that complies with the restrictions, prohibitions, and requirements of this Order, including the nondisclosure of such information to all other employees, executives, or other personnel of Respondent (except as necessary to comply with the requirements of this Order);

2. Institute procedures and requirements and take such actions as are necessary to ensure that Respondent's personnel comply with the restrictions, prohibitions, and requirements of this Paragraph IV., including all actions that Respondent would take to protect its own trade secrets and confidential information. These measures shall include, but not be limited to:
 - a. Restrictions placed on access by Persons to any Confidential Business Information that may be available or stored on any of Respondent's computers or computer networks; and
 - b. Redaction of all Confidential Business Information from copies of Respondent's Business Records that are not divested to the Acquirer; *provided, however*, that Respondent may retain one original, unredacted version of such Business Records for the purposes specified in Paragraph IV.A.

V.**IT IS FURTHER ORDERED** that:

- A. At any time after the Respondent signs the Consent Agreement in this matter, the Commission may appoint a Monitor to assure that the Respondent expeditiously complies with all of its obligations and

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performs all of its responsibilities as required by this Order and the Divestiture Agreement.

- B. The Commission shall select the Monitor, subject to the consent of Respondent, which consent shall not be unreasonably withheld. If Respondent has not opposed, in writing, including the reasons for opposing, the selection of a proposed Monitor within ten (10) days after notice by the staff of the Commission to Respondent of the identity of any proposed Monitor, Respondent shall be deemed to have consented to the selection of the proposed Monitor.
- C. Not later than ten (10) days after the appointment of the Monitor, Respondent shall execute an agreement that, subject to the prior approval of the Commission, confers on the Monitor all the rights and powers necessary to permit the Monitor to monitor Respondent's compliance with the relevant requirements of the Order in a manner consistent with the purposes of the Order.
- D. If a Monitor is appointed, Respondent shall consent to the terms and conditions herein, and shall grant and transfer to the Monitor, and such Monitor shall have, all rights, powers, and authority necessary to carry out the Monitor's duties and responsibilities, including, but not limited to, the following:
 - 1. The Monitor shall have the power and authority to monitor Respondent's compliance with the divestiture obligations and related requirements of the Order, and shall exercise such power and authority and carry out the duties and responsibilities of the Monitor in a manner consistent with the purposes of the Order and in consultation with the Commission.
 - 2. The Monitor shall act in a fiduciary capacity for the benefit of the Commission.

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3. The Monitor shall serve for such period of time as the Commission determines may be necessary or appropriate to accomplish the purposes of the Order.
- E. Subject to any demonstrated legally recognized privilege, the Respondent shall provide the Monitor with full and complete access to Respondent's personnel, books, documents, records kept in the ordinary course of business, facilities, technical information, and such other relevant information as the Monitor may reasonably request, related to Respondent's compliance with its obligations under the Order and with the Divestiture Agreement. Respondent shall cooperate with any reasonable request of the Monitor and shall take no action to interfere with or impede the Monitor's ability to monitor Respondent's compliance with the Order.
 - F. The Monitor shall serve, without bond or other security, at the expense of Respondent, on such reasonable and customary terms and conditions as the Commission may set or approve. The Monitor shall have authority to employ, at the expense of Respondent, such consultants, accountants, attorneys, and other representatives and assistants as are reasonably necessary to carry out the Monitor's duties and responsibilities.
 - G. Respondent shall indemnify the Monitor and hold the Monitor harmless against any losses, claims, damages, liabilities, or expenses arising out of, or in connection with, the performance of the Monitor's duties, including all reasonable fees of counsel and other reasonable expenses incurred in connection with the preparations for, or defense of, any claim, whether or not resulting in any liability, except to the extent that such losses, claims, damages, liabilities, or expenses result from gross negligence, willful or wanton acts, or bad faith by the Monitor.

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- H. If a Monitor is appointed, unless otherwise provided in any agreement approved by the Commission, the Respondent shall deliver a copy of any report required by this Order to the Monitor within five (5) calendar days of submitting such report to the Commission. The Monitor shall evaluate the reports submitted to the Monitor by Respondent, and any reports submitted by the Acquirer with respect to the performance of Respondent's obligations under the Order or the Divestiture Agreement. Within thirty (30) days after the date the Monitor receives these reports, the Monitor shall report in writing to the Commission concerning the performance by Respondent of its obligations under the Order and/or the Divestiture Agreement.
- I. Respondent may require the Monitor and each of the Monitor's consultants, accountants, attorneys, and other representatives and assistants to sign a customary confidentiality agreement; *provided, however*, that such agreement shall not restrict the Monitor from providing any information to the Commission or its staff, or require the Monitor to report to Respondent the substance of communications to or from the Commission, its staff, or the Acquirer.
- J. The Commission may, among other things, require the Monitor and each of the Monitor's consultants, accountants, attorneys, and other representatives and assistants to sign an appropriate confidentiality agreement related to Commission materials and information received in connection with the performance of the Monitor's duties.
- K. If the Commission determines that the Monitor has ceased to act or failed to act diligently, the Commission may appoint a substitute Monitor in the same manner as provided in this Paragraph.
- L. The Commission may on its own initiative, or at the request of the Monitor, issue such additional orders or

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directions as may be necessary or appropriate to assure compliance with the requirements of the Order.

- M. A Monitor appointed pursuant to this Order may be the same Person appointed as the Divestiture Trustee pursuant to Paragraph VI. of this Order.

VI.**IT IS FURTHER ORDERED** that:

- A. If the Respondent has not fully complied with the obligations of Paragraph II. and related requirements of this Order, the Commission may appoint a Divestiture Trustee to divest the Paragon Divestiture Assets and/or perform Respondent's other obligations in a manner that satisfies the requirements of this Order. The Divestiture Trustee shall divest the Paragon Divestiture Assets to an Acquirer that receives the prior approval of the Commission and in a manner that receives the prior approval of the Commission. In the event that the Commission or the Attorney General brings an action pursuant to Section 5(l) of the Federal Trade Commission Act, 15 U.S.C. § 45(l), or any other statute enforced by the Commission, Respondent shall consent to the appointment of a Divestiture Trustee in such action to divest the required assets. Neither the appointment of a Divestiture Trustee nor a decision not to appoint a Divestiture Trustee under this Paragraph VI.A. shall preclude the Commission or the Attorney General from seeking civil penalties or any other relief available to it, including one or more court-appointed Divestiture Trustees, pursuant to Section 5(l) of the Federal Trade Commission Act, or any other statute enforced by the Commission, for any failure by Respondent to comply with this Order.
- B. The Commission may select a Divestiture Trustee, subject to the consent of Respondent, which consent shall not be unreasonably withheld. The Commission may appoint a Divestiture Trustee to divest the Paragon Divestiture Assets and/or perform the

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Respondent's other obligations in a manner that satisfies the requirements of this Order. Any Divestiture Trustee shall be a person with experience and expertise in acquisitions and divestitures. If the Respondent has not opposed, in writing, and stated in writing its reasons for opposing, the selection of any proposed Divestiture Trustee within ten (10) days after notice by the staff of the Commission to the Respondent of the identity of any proposed Divestiture Trustee, Respondent shall be deemed to have consented to the selection of the proposed Divestiture Trustee.

- C. Not later than ten (10) days after the appointment of a Divestiture Trustee, Respondent shall execute a trust agreement for the divestiture required by Paragraph II. of this Order that, subject to the prior approval of the Commission, transfers to the Divestiture Trustee all rights and powers necessary to permit the Divestiture Trustee to effectuate the divestitures required by, and satisfy the additional obligations imposed by, this Order. Any failure by the Respondent to comply with a trust agreement approved by the Commission shall be a violation of this Order.
- D. If a Divestiture Trustee is appointed by the Commission or a court pursuant to this Paragraph, Respondent shall consent to the following terms and conditions regarding the Divestiture Trustee's powers, duties, authority, and responsibilities:
 - 1. Subject to the prior approval of the Commission, the Divestiture Trustee shall have the exclusive power and authority to effectuate the divestiture required by, and satisfy the additional obligations imposed by, this Order.
 - 2. The Divestiture Trustee shall have one (1) year after the date the Commission approves the trust agreement described herein to accomplish the divestiture required by Paragraph II. of this Order, which shall be subject to the prior approval of the

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Commission. If, however, at the end of the one (1) year period, the Divestiture Trustee has submitted a plan to satisfy the obligations of Paragraph II. of this Order, or believes that such obligation can be achieved within a reasonable time, the period may be extended by the Commission, or, in the case of a court-appointed Divestiture Trustee, by the court; *provided, however*, that the Commission may extend the period only two (2) times.

3. Subject to any demonstrated legally recognized privilege, the Divestiture Trustee shall have full and complete access to the personnel, books, records, and facilities related to the relevant assets that are required to be divested by this Order and to any other relevant information, as the Divestiture Trustee may request. Respondent shall develop such financial or other information as the Divestiture Trustee may request and shall cooperate with the Divestiture Trustee. Respondent shall take no action to interfere with or impede the Divestiture Trustee's accomplishment of the divestiture. Any delays caused by Respondent shall extend the time under this Paragraph VI. for a time period equal to the delay, as determined by the Commission or, for a court-appointed Divestiture Trustee, by the court.
4. The Divestiture Trustee shall use commercially reasonable efforts to negotiate the most favorable price and terms available in each contract that is submitted to the Commission, subject to the Respondent's absolute and unconditional obligation to divest expeditiously and at no minimum price. The divestiture shall be made in the manner that receives the prior approval of the Commission and to an Acquirer that receives the prior approval of the Commission as required by this Order; *provided, however*, if the Divestiture Trustee receives bona fide offers for the asset to be divested from more than one acquiring entity, and if the Commission determines to approve more

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than one such acquiring entity, the Divestiture Trustee shall divest to the acquiring entity selected by Respondent from among those approved by the Commission; *provided further, however*, that Respondent shall select such entity within five (5) days after receiving notification of the Commission's approval.

5. The Divestiture Trustee shall serve, without bond or other security, at the cost and expense of Respondent, on such reasonable and customary terms and conditions as the Commission or a court may set. The Divestiture Trustee shall have the authority to employ, at the cost and expense of Respondent, such consultants, accountants, attorneys, investment bankers, business brokers, appraisers, and other representatives and assistants as are necessary to carry out the Divestiture Trustee's duties and responsibilities. The Divestiture Trustee shall account for all monies derived from the divestitures and all expenses incurred. After approval by the Commission of the account of the Divestiture Trustee, including fees for the Divestiture Trustee's services, all remaining monies shall be paid at the direction of Respondent, and the Divestiture Trustee's power shall be terminated. The compensation of any Divestiture Trustee shall be based at least in significant part on a commission arrangement contingent on the divestiture of all of the relevant assets that are required to be divested by this Order.
6. Respondent shall indemnify the Divestiture Trustee and hold the Divestiture Trustee harmless against any losses, claims, damages, liabilities, or expenses arising out of, or in connection with, the performance of the Divestiture Trustee's duties, including all reasonable fees of counsel and other expenses incurred in connection with the preparation for, or defense of, any claim, whether or not resulting in any liability, except to the extent

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that such losses, claims, damages, liabilities, or expenses result from gross negligence, malfeasance, willful or wanton acts, or bad faith by the Divestiture Trustee.

7. The Divestiture Trustee shall have no obligation or authority to operate or maintain the relevant assets required to be divested by this Order.
 8. The Divestiture Trustee shall report in writing to Respondent and to the Commission every thirty (30) days concerning the Divestiture Trustee's efforts to accomplish the divestitures.
 9. Respondent may require the Divestiture Trustee and each of the Divestiture Trustee's consultants, accountants, attorneys, and other representatives and assistants to sign a customary confidentiality agreement; *provided, however*, such agreement shall not restrict the Divestiture Trustee from providing any information to the Commission.
- E. The Commission may, among other things, require the Divestiture Trustee and each of the Divestiture Trustee's consultants, accountants, attorneys, and other representatives and assistants to sign an appropriate confidentiality agreement related to Commission materials and information received in connection with the performance of the Divestiture Trustee's duties.
- F. If the Commission determines that the Divestiture Trustee has ceased to act or failed to act diligently, the Commission may appoint a substitute Divestiture Trustee in the same manner as provided in this Paragraph VI.
- G. The Commission or, in the case of a court-appointed Divestiture Trustee, the court, may on its own initiative or at the request of any Divestiture Trustee, issue such additional orders or directions as may be necessary or appropriate to accomplish the divestiture required by this Order.

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- H. The Divestiture Trustee appointed pursuant to this Paragraph VI. may be the same Person as the Monitor appointed under this Order.

VII.**IT IS FURTHER ORDERED** that:

- A. Within thirty (30) days after the date this Order is issued, every thirty (30) days thereafter until the Divestiture Date of the divestiture required by Paragraph II. of this Order, and every sixty (60) days thereafter until Respondent has performed fully all of its obligations under any Transition Agreement, Respondent shall submit to the Commission (and if applicable, a complete copy to any Monitor appointed under this Order) a verified written report setting forth in detail the manner and form in which it intends to comply, is complying, and has complied with this Order. For the period covered by this report, the report shall include, but not be limited to, among other things that are required from time to time, a full description of the efforts being made to comply with Paragraph II. of this Order, including a description of all substantive contacts or negotiations for the divestiture, and the identity and contact information of all parties contacted. Respondent shall include in the reports copies of all material written communications to and from such parties, all internal memoranda, a copy of the written instructions and acknowledgments concerning Confidential Business Information required by Paragraph IV. of this Order, and all reports and recommendations concerning completing the obligations.
- B. One (1) year after the Order Date, annually for the next three (3) years on the anniversary of the Order Date, and at other times as the Commission may require, Respondent shall file a verified written report with the Commission setting forth in detail the manner and

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form in which it intends to comply, is complying, and has complied with this Order.

VIII.

IT IS FURTHER ORDERED that Respondent shall notify the Commission at least thirty (30) days prior to:

- A. Any proposed dissolution of Respondent;
- B. Any proposed acquisition, merger, or consolidation of Respondent; or
- C. Any other change in the Respondent, including, but not limited to, assignment and the creation or dissolution of subsidiaries, if such change might affect compliance obligations arising out of the Order.

IX.

IT IS FURTHER ORDERED that for purposes of determining or securing compliance with this Order, and subject to any legally recognized privilege, and upon written request and upon five (5) days' notice to Respondent made to either Respondent's principal United States offices, registered office of its United States subsidiary, or its headquarters address, Respondent shall, without restraint or interference, permit any duly authorized representative of the Commission:

- A. Access, during business office hours of Respondent and in the presence of counsel, to all facilities and access to inspect and copy all books, ledgers, accounts, correspondence, memoranda, and all other records and documents in the possession or under the control of Respondent related to compliance with this Order, which copying services shall be provided by Respondent at the request of the authorized representative(s) of the Commission and at the expense of the Respondent; and

Analysis to Aid Public Comment

- B. To interview officers, directors, or employees of Respondent, who may have counsel present, regarding such matters.

X.

IT IS FURTHER ORDERED that this Order shall terminate on January 25, 2027.

By the Commission.

NON-PUBLIC APPENDIX I

NEW PARAGON DIVESTITURE AGREEMENT

**[Redacted from the Public Record Version of the Order, But
Incorporated by Reference]**

**ANALYSIS OF CONSENT ORDER TO AID PUBLIC
COMMENT**

The Federal Trade Commission (“Commission”) has accepted for public comment an Agreement Containing Consent Order (“Consent Order”) with Valeant Pharmaceuticals International, Inc. (“Valeant”) to remedy the alleged anticompetitive effects resulting from Valeant’s acquisition of Paragon Holdings I, Inc., including wholly-owned subsidiaries Paragon Vision Sciences, Inc. and CRT Technology, Inc. (“Paragon”).

The Complaint alleges that the acquisition violated Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45,

Analysis to Aid Public Comment

by lessening competition in the markets for polymer discs, or “buttons,” used to make three different types of rigid gas permeable (“GP”) contact lenses: orthokeratology contact lenses, large-diameter scleral contact lenses, and general vision correction contact lenses. The Consent Order would remedy the alleged violations by restoring competition in these GP button markets.

Under the terms of the Consent Order, Valeant is required to divest Paragon in its entirety, including the assets of Pelican Products LLC (“Pelican”), a manufacturer of contact lens packaging.

The proposed Consent Order has been placed on the public record for 30 days to solicit comments from interested persons. Comments received during this period will become part of the public record. After 30 days, the Commission will again review the proposed Consent Order and any comments received, and decide whether the Consent Order should be withdrawn, modified, or made final.

1. THE PARTIES

Valeant is a Canadian conglomerate that develops and markets prescription and non-prescription pharmaceutical products. Through its subsidiary Bausch + Lomb, Valeant is a leading producer of GP buttons used to make GP contact lenses. Prior to its acquisition by Valeant in May 2015, Paragon was a United States corporation with its principal place of business in Arizona. Paragon produces GP buttons used to make GP contact lenses and also produces finished GP lenses.

After the Paragon acquisition, Valeant also purchased Pelican, a manufacturer of contact lens packaging, and the only producer of FDA-approved vials for wet-shipping finished orthokeratology lenses. Pelican became a subsidiary of Paragon. This acquisition ensured Valeant’s access to the vials, after Pelican’s owner announced plans to exit the market.

Analysis to Aid Public Comment

2. THE RELEVANT MARKET

Both parties engage in developing, manufacturing, and selling GP buttons in the United States. The relevant product markets in which to analyze the effects of the acquisition are the manufacture and sale of FDA-approved GP buttons for: orthokeratology GP lenses, which are worn to reshape the cornea; large-diameter scleral GP lenses, which cover the white of the eye and are used post-surgery, for transplants, and to treat eye disease; and general vision correction GP lenses. Each type of GP lens requires a GP button with parameters unique to that lens type.

GP lenses are used, and in some cases are medically necessary, to address a variety of vision problems, including dry eyes, abnormal curvatures of the eye, corneal disease, post-eye surgery complications, and eye trauma. Optical labs use GP buttons to make GP contact lenses to fulfill prescriptions from eye care professionals. Prescriptions typically specify a particular product and brand of button, and eye care professionals invest significant capital in fitting equipment for the brands they prescribe.

The FDA requires that GP lenses must be made from FDA-approved GP buttons. Thus, there are no alternatives to FDA-approved GP buttons for making each of the types of GP lenses and the relevant geographic market is the United States.

Prior to the acquisition, Valeant and Paragon independently produced buttons for all three types of GP lenses. In the market for orthokeratology GP buttons, the combination of Valeant and Paragon was a merger to monopoly. In the market for scleral GP buttons, the combined company accounted for 70-80 percent of the market. In the market for general vision correction GP buttons, the combined company's market share was approximately 65-75 percent.

3. EFFECTS OF ACQUISITIONS

The acquisition likely caused significant competitive harm in the relevant markets. Specifically, the acquisition of Paragon eliminated actual, direct, and substantial competition between Valeant and Paragon in the relevant markets for GP buttons and

Analysis to Aid Public Comment

allowed Valeant to unilaterally exercise market power. For instance, following the acquisition, Valeant increased prices in all three GP button markets.

Prior to the acquisition, Valeant and Paragon also competed on innovation, with the incentive to develop new GP lens buttons and improve button materials by investing in research, development, and adoption. This innovation led to broader product lines, improvements to button materials, and marketing and education funding for optical labs. The acquisition also eliminated this innovation competition between Valeant and Paragon.

4. ENTRY AND EFFICIENCIES

Entry into the relevant market has not been, and would not be, timely, likely, or sufficient to deter or counteract the anticompetitive effects of the acquisition. Optical labs have limited short-term ability to switch from Valeant and Paragon, which supply the majority of their GP scleral buttons and GP general vision correction buttons, and 100 percent of their GP orthokeratology buttons. Optical labs might try to persuade eye care professionals to switch to a different material and brand, but ultimately the decision is made by the eye care professional, for whom such a change is costly and time-consuming.

Considerable entry barriers also arise from the FDA approval process. For GP orthokeratology buttons, the FDA premarket approval process takes several years because finished orthokeratology lenses worn overnight are Class III medical devices. For GP scleral and general vision buttons, the FDA premarket notification process likely requires at least one year, as the finished lenses incorporating such buttons are Class II medical devices.

We did not find any evidence of efficiencies that would outweigh the competitive concerns arising from the Paragon acquisition.

Analysis to Aid Public Comment

5. CONSENT ORDER

The proposed Consent Order requires Valeant to divest Paragon in its entirety no later than ten (10) days after the order date, to remedy the concerns raised by the acquisition and restore competition in the relevant markets by instituting Paragon as an independent, viable competitor to Valeant. The proposed Consent Order also requires Valeant to divest Pelican with Paragon to ensure continued access to FDA-approved vials for shipping its finished lenses.

The proposed Consent Order requires that Valeant must divest Paragon and Pelican to Paragon Companies LLC in an upfront transaction. Paragon Companies LLC is a newly created entity owned by Joe Sicari. Mr. Sicari was the president of Paragon prior to its acquisition by Valeant in May 2015.

The Commission may, at any time, appoint a Monitor with the power and authority to ensure that Valeant fulfills all obligations and responsibilities under the Consent Order and Divestiture Agreement.

The Consent Order will remain in effect for ten (10) years, and contains standard compliance and reporting requirements.

Complaint

IN THE MATTER OF

C.H. BOEHRINGER SOHN AG & CO. KGCONSENT ORDER, ETC. IN REGARD TO ALLEGED VIOLATIONS OF
SECTION 5 OF THE FEDERAL TRADE COMMISSION ACT AND
SECTION 7 OF THE CLAYTON ACT*Docket No. C-4601; File No. 161 0077**Complaint, December 28, 2016 – Decision, February 14, 2017*

This consent order addresses the \$13.53 billion acquisition by C.H. Boehringer Sohn AG & Co. KG of certain assets of Sanofi. The complaint alleges that the Acquisition, if consummated, would violate Section 7 of the Clayton Act and Section 5 of the Federal Trade Commission Act in the U.S. markets for two types of animal health products: (1) companion animal vaccines, which include various canine, feline, and rabies vaccines, and (2) cattle and sheep parasiticides. The consent order requires Boehringer Ingelheim to divest its relevant U.S. companion animal vaccine business to Eli Lilly and Company, which participates in the animal health industry through its Elanco Animal Health division and its U.S. Cydectin parasiticide product to Bayer AG.

Participants

For the *Commission*: Michael R. Barnett, Stephanie Bovee, and Yan Gao.

For the *Respondent*: Ryan Foley and William A. Henry, Baker Botts LLP.

COMPLAINT

Pursuant to the Clayton Act and the Federal Trade Commission Act (“FTC Act”), and its authority thereunder, the Federal Trade Commission (“Commission”), having reason to believe that Respondent C.H. Boehringer Sohn AG & Co. KG (“Boehringer Ingelheim”), a corporation subject to the jurisdiction of the Commission, has agreed to acquire the Merial Animal Health business (“Merial”) from Sanofi, a corporation subject to the jurisdiction of the Commission, in violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, that such acquisition, if consummated, would violate Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, and it appearing to the Commission that